



Communicator

News from the SBA Rhode Island District Office

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June 2003

\$1.4 Billion More Available For Small Business Lending

The U.S. Small Business Administration today announced that \$1.4 billion in additional loan authority will be made available for small business lending for fiscal year 2003. As a result, lending authority in the agency's primary business loan program, 7(a), will increase to almost \$11.0 billion.

"Hundreds of small business owners and entrepreneurs looking to start a business will benefit from this new loan authority," said SBA Administrator Hector V. Barreto. "The SBA is already underwriting a record number of loans in this, its 50th year, and this new loan authority will add to our capacity to help small businesses."

The new loan authority will be made available by applying a new 7(a) econometric subsidy model to the STAR program for FY 2003. The STAR, or Supplemental Terrorist Activity Relief program, was established to assist small businesses affected by the terrorist attacks of Sept. 11, 2001, and was in effect through January 11, 2003. From October 1, 2002 through January 11, 2003, \$1.663 billion in STAR loans were made.

By applying the new model to the STAR program, the estimated cost of the program declines dramatically. This frees up \$12.3 million that will now be transferred to the 7(a) program to make loans to small businesses. Since January, some loans approved through the STAR program have been cancelled, allowing the SBA to transfer about \$2.8 million in additional funds to the 7(a) program. Together, these transfers support approximately \$1.449 billion in additional 7(a) loans.

Nominations Sought for Rhode Island Minority Small Business Person of the Year

The Minority Enterprise Development (MED) Week Planning Committee is now accepting nominations for the 2003 Rhode Island Minority Small Business Person of the Year Award.

During MED Week SBA recognizes minority business excellence and achievement and presents awards to the Minority Small Business Person of the Year at the annual MED Week Awards Dinner.

Nominations must be submitted to the Rhode Island District Office no later than Friday, June 20. Include the name of the nominee, company, address, phone number and fax number. Nominations may be submitted by fax to (401) 528-4539, by e-mail to providence.ri@sba.gov, or by mail to U.S. Small Business Administration, 380 Westminster Street, Room 511, Providence, RI 02903.

If you have questions about the nomination process, contact Norm Deragon at (401) 528-4576.

2003 Rhode Island Salute to Small Business 11 Entrepreneurs and Small Business Advocates Honored



Governor Donald Carcieri congratulates **Valerie A. Martelli** for being honored as the **2003 Rhode Island Small Business Person of the Year**. Governor Carcieri was the keynote speaker during the annual awards dinner.

Rhode Island Governor Donald L. Carcieri was the keynote speaker at the 2003 Rhode Island Salute to Small Business Awards Dinner that was held at Rhodes on-the-Pawtuxet in Cranston on May 21.

Valerie A. Martelli, owner of CME Consultants, Inc. in Wakefield, was honored as the Rhode Island Small Business Person of the Year. Ten others were also recognized for their outstanding achievements as entrepreneurs or small business advocates.

Governor Carcieri, a former business owner and corporate executive, told the nearly 400 persons in attendance that he

understood the contributions that small businesses make to the state's economy and pledged his continued support for the small business community.

The Salute to Small Business was co-sponsored by the SBA, the Central RI Chamber of Commerce, and the Northern RI Chamber of Commerce, in cooperation with all of the state's chambers.

The annual awards dinner was preceded by a business expo and networking reception.

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Rhode Island Salute to Small Business (continued from Page 1)



2003 Rhode Island Small Business Award Winners pose with Governor Carcieri (standing, center). Kneeling from left are SBA Chief Counsel for Advocacy Thomas M. Sullivan, and SBA District Director Mark S. Hayward.

This year's award recipients include:

Lauren E.I. Slocum, President, Central RI Chamber of Commerce – Rhode Island SBA District Director's Award.

Leo R. Blais, President, Pawtuxet Valley Prescription & Surgical Center – Entrepreneurial Success Award

Brent D. Ryan, President, Coastal Extreme Brewery – SBA Young Entrepreneur of the Year

Ann Marie Marshall, State Director, RI MicroEnterprise Association – Rhode Island and New England Home-based Business Advocate of the Year

Mary Leach, Senior Vice President, Citizens Bank – Financial Services Advocate of the Year

Charles C. Newton, Administrator, RI Minority Business Enterprise Compliance Office – Minority Small Business Advocate of the Year

Troy D. Byrd, Manager, Global Entrepreneurship Program, Bryant College and **David Meskhi**, Associate, KPMG –

R e s e a r c h
Advocates of the Year

Leonard J. DiLeone, Veterans Outreach Representative, RI Department of Labor and Training – Veteran Small Business Advocate of the Year

Stacey D. Carter, President, SDC

Resources, Inc – Women in Business Advocate of the Year

The week-long Salute to Small Business celebration included a series of free professional development workshops held around the state.



SBA Finance Team Member Bill Thorne chats with two young entrepreneurs during the Salute to Small Business expo.

Federal Government Agency Seeking Contractors for Iraq Reconstruction Programs

The United States Agency for International Development (USAID) is soliciting contractors/grantees to implement Iraq reconstruction programs. USAID is an independent federal government agency that provides foreign assistance and humanitarian aid in



Many buildings in Basra, Iraq, were damaged during the recent war. *Courtesy of Bechtel National, Inc.*

support of U.S. foreign policy. The agency's acquisition and assistance procedures and documents are governed by federal regulations.

Information about USAID planned assistance for Iraq is available on the agency Web site at www.usaid.gov/iraq. Companies and individuals that want to "register" to do work in Iraq can use the "How Can I Help" link on the Web site.

Small Business Researchers Needed for Advocacy Projects

The SBA Office of Advocacy is looking for small business researchers, or researchers who want to become small businesses, to perform economic research via a request for quotations (RFQs). The topics are chosen because they are researchable, show the status or role of small businesses, can be a springboard for further research, and can affect public policy.

The proposal solicitations and synopses are listed at www.fedbizopps.gov. Search for Small Business Administration listings once you're on the Web site. FedBizOpps consolidates the procurement process by making the Request for Proposal package available electronically.

The deadline for submitting proposals is June 27, 2003. There will be a question and answer period through June 20, 2003. Questions should be directed to Billy Jenkins, SBA Contracting Officer, U.S. Small Business Administration, 409 Third Street, S.W., Washington, DC 20416.

SBA and U.S. Pan-Asian Chamber Partner to Help Small Businesses

The SBA and the U.S. Pan-Asian Chamber of Commerce have signed a memorandum of understanding to provide information and resources to the Asian-American small businesses across the nation.

SBA and the USPAACC will collaborate to increase access to capital, technical assistance and procurement and international trade opportunities for Asian-American small businesses.

According to the SBA Office of Advocacy, 30 percent of all minority-owned firms in the U.S. are owned by Asian-Americans.

Today's SBA: 50 Years in the Making

(Reprinted from *Inside Region IV*, Spring 2003)

The SBA was created through the ratification of the Small Business Act of 1953, but was initially granted only temporary status. The agency's origins date back to 1932 when the Reconstruction Finance Corporation was created to ease the pressures of the Great Depression and subsequently World War II.



Although SBA operated year to year, there were no real contests to the agency's reauthorization during those early years, according to a brief history of SBA written by former senior staffer Wiley Messick. Employees, many of whom were carried over from SBA predecessor agencies, however, sweated out each extension.

It was 1958 before SBA was finally made permanent. Messick recounts that the agency was run by "experienced, sound credit people and veteran contracting officer personnel." By 1958, the lending activities had grown from 24 business loans and 41 disaster loans totaling \$1.7 million in 1953 to 5,315 business loans and 1,225 disaster loans totaling \$266 million.

In 1963 SBA recognized that the reason most businesses fail is not because they lack money, but because they are badly run.

In response the agency sent out a call to retired business people around the country seeking volunteers to donate their time to work with entrepreneurs. Within weeks more than 4,000 qualified retirees responded and the Service Corps of Retired executives was born. SBA had entered a new era of providing technical assistance and training to businesses.

Small Business Development Centers followed in the early 1980s, as did Business Information Centers and Women's Centers in subsequent years. SBA management of government contracting and business development programs were also added over the years, increasing the agency's resources to help small businesses grow.

In the first 20 years of operation, just over 191,000 small businesses received SBA direct or guaranteed financing. With the growth of the loan guarantee program and improved efficiency within the agency, SBA has touched roughly the same number of businesses in just the past three and a half years.

Not bad for an agency that started out as an experiment of odds and ends left over from the Depression and war era agencies.

Visit us Online at:
www.sba.gov/ri

Jaime Aguayo Retires from SBA Following 25 Years of Service to the Small Business Community

Jaime Aguayo ended a successful 25-year career with the Small Business Administration on June 4th.

Jaime was the manager of the SBA/SCORE Business Information Center (BIC) in Downtown Providence and most recently worked with entrepreneurs at the



Jaime Aguayo, (center), with SBA Regional Administrator **Jeffrey H. Butland** (left) and District Director **Mark S. Hayward** at a retirement luncheon in Aguayo's honor.

Central Rhode Island Chamber of Commerce in Warwick, when the BIC relocated to the chamber earlier this year.

Retirement for Aguayo does not mean he'll be taking it easy. He recently purchased an AM radio station, WALE-990AM, a 50,000 watt station in Providence that features Hispanic programming.

SCORE Chapter Honors Joseph G.E. Knight

When the SCORE organization was created in the mid-1960s, Joseph G.E. Knight was among the founders. He and a handful of visionaries recognized that those who had a dream of starting their own businesses needed a guiding hand. Mr. Knight has provided that guidance for several decades. He recognized that individuals who had the knowledge and experience of owning or managing a business would have the ability to pass on that expertise to those who wanted to start a small business.

Mr. Knight, now in his 90s, has assisted countless entrepreneurs over the years at the SCORE chapter 13, that now bears his name.

Members of the Joseph G.E. Knight SCORE Chapter 13 honored Mr. Knight for his many years of service during their June meeting.

The SBA Rhode Island District Office staff joined in the recognition of Mr. Knight's dedication to helping entrepreneurs.

SBA, Mexican Agencies to Cooperate in Promoting Trade in Both Countries

The Small Business Administration has signed a memorandum of understanding with two leading economic Mexican agencies, aimed at expanding bilateral cooperation, developing stronger commercial ties, and spurring increased trade between small businesses in both countries. The two-year agreement between the SBA, the Mexican Department of Economy and the National Financing Agency, calls for promoting business linkages between individual U.S. and Mexican small and medium enterprises, promoting development of cooperative relationships between U.S. and Mexican service providers and resource partners, and exchanging information on training methods and services.

SBA and RIESGR Committee to Assist Self-Employed Reservists

About 200 Rhode Island Army and Air National Guard members are self-employed. Some are now on active duty protecting America's homeland or in Southwest Asia as part of Operation Iraqi Freedom.

As part of the co-sponsorship agreement between SBA and the Rhode Island Committee for Employer Support of the Guard and Reserve, SBA and its resource partners will participate in a workshop for self-employed members of the National Guard in August. The workshop will offer an explanation of the many free programs and services available to the military members and the opportunity to provide one-on-one counseling will also be available.

Nearly 500 members of the Rhode Island National Guard have been called up to active duty since the terrorist attacks of September 11, 2001.

SBA Provides New Online Virtual Classroom for Small Business Owners and Aspiring Entrepreneurs

Small business owners can now access an online virtual classroom of business courses, workshops, information resources, learning tools and counseling assistance through the SBA's E-Business Institute Web site.

The E-Business Institute is a virtual campus offering free tutorials, workshops and educational resources. It offers a range of online business training and counseling tools to assist entrepreneurs with business start-up, from developing marketing strategies to effective employee management. It also provides valuable information for existing small business owners. The E-Business Institute is an easy-to-use tool that provides 24-hour access to business courses via the Internet.

The E-Business Institute was designed with small business entrepreneurs in mind to provide interactive business guidance on a range of topics. There are 16 training categories with more than 70 interactive courses and electronic guides to provide educational tools and resources on entrepreneurship. Many of the courses include audio sound bytes, quizzes and feedback. They can be accessed online at www.sba.gov/training.

The E-Business Institute also features a virtual library with more than 200 free E-books and publications, and links to the top business magazines and national newspapers.



SBA District Director Mark S. Hayward signs a co-sponsorship agreement to assist members of the National Guard and Reserve. **Major General Reginald Centracchio**, Adjutant General of the Rhode Island National Guard looks on.

Small Firm Inventions Often Unprotected Overseas

A new study shows that U.S. firms are not protecting their inventions through foreign patents as often as large firms. This lower rate of foreign patenting results in fewer commercial opportunities and lost revenue, according to the report issued by the SBA Office of Advocacy.

The report, "Foreign Patenting Behavior of Small and Large Firms: An Update," written by Dr. Mary Ellen Moge, points out that smaller firms are increasingly protecting their inventions in the global marketplace through patents. However, they still patent abroad less than larger firms do, and they also allow their patents to lapse more often.

The author reviewed recent literature to determine reasons behind small firms' patenting behavior. The reason cited most often for small businesses' failure to patent abroad is lack of financial resources. Moreover, a 2002 Government Accounting Office report found that the most important impediment is foreign patent costs. That report highlighted other barriers, including small firms', limited resources, limited foreign patent knowledge, differences in foreign patent systems and weak enforcement in some countries.

The report also confirmed the innovative nature of smaller firms. It found that patent value measures based on the number of other citations showed small business patents to be more valuable than large business patents in all years studied. This result reinforces the conclusions of another recent Advocacy-funded study, "Small Serial Innovators: The Small Firm Contribution to Technical Change." Taken together, these reports clearly indicate that America's technological innovators are found in small firms.

For more information about the SBA Office of Advocacy, or to view research studies, visit their Web site at www.sba.gov/advo.

SBA Moves to Improve Loan Monitoring and Risk Management

The U.S. Small Business Administration is taking steps to implement a new computer-based system that will allow the agency to better measure and manage the risk in its small business loan portfolio, the largest in the nation.

The contract for the Loan Monitoring System was awarded to Dun and Bradstreet, a leading firm in the area of collection and reporting of financial data, in association with Fair Issac Corporation. D&B and Fair Issac have developed complimentary proprietary, analytic products that are currently being used by banks and other creditors to monitor the credit profile of their customers.

The SBA will use this exciting, stand-alone system to obtain better information and understanding of the changes in the risks involved with its major lending programs and among its lending partners. Once implemented, the loan monitoring system will be capable of identifying and analyzing SBA's risk exposure by lender and across its entire loan portfolio.

The contract calls for a workable model to be developed within two months, and a finished product completed by the end of September 2003.

From the Director's Desk



My congratulations to the 2003 Rhode Island Small Business Award winners. We are all impressed with your resolve and accomplishments.. We are also very proud of our Small Business Person of the Year Valerie Martelli. She has truly realized the American dream and is a tremendous Rhode Island success story.

Valerie will be joining her counterparts from across the nation in Washington D.C. the Week of September 15 for the SBA Entrepreneurship Conference and Expo. She will be among the Small Business Person of the Year award winners from across the United States, the District of Columbia and Puerto Rico.

I would be remiss if I did not recognize and thank our co-sponsors for this year's event. We all know that there is a lot of work that goes into planning this event and its success is dependent on these efforts. I want to thank our partners, Lauren Slocum, President and CEO, and her staff at the Central RI Chamber of Commerce and John Gregory, President and CEO of the Northern RI Chamber of Commerce and his staff

The highlight of this year's event was the keynote address by Governor Donald Carcieri. His presentation and personal recognition of our award winners was welcomed and heart warming. He reminisced about hiring Valerie at Cookson America and lauded her success and drive as a business person.

We were honored that the Governor and Mrs. Carcieri were able to join us and they stayed for the entire awards program. This is another example of the Governor's leadership on economic development issues and his true commitment to the success of the small business community.

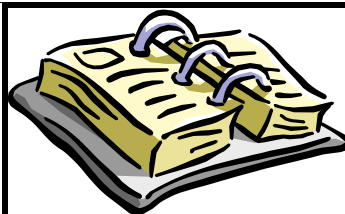
Our state experienced a horrific event on February 20th with The Station night club fire. Over these past few months the Rhode Island District Office has worked very closely with the Governor, his staff at the economic development corporation and members of the General Assembly to develop a strategy for preventing a reoccurrence.

The General Assembly is considering legislation proposed by the special commission on safety. The recommendations of the commission include major changes to the fire code that will have a substantial impact on the small business community.

In an effort to help small business, Governor Carcieri has directed the Rhode Island Economic Development Corporation (RIEDC) to work with the SBA to help the small business community meet the expenses of complying with the stricter fire code requirements. I have informed Governor Carcieri that the Rhode Island SBA office will work closely with him and the RIEDC to provide that important assistance.

As a follow up, I will be meeting with the state's commercial lenders to finalize our strategy for providing small businesses with the capital they will need to comply with the new standards. Stay tuned for further updates as we move through this process.

Again, congratulations to our award winners and best wishes to everyone for continued success.



Calendar Of Events

Saturday, June 14, 2003

8:30-11:30 a.m.

Small Business Information Workshop

Greater Westerly-Pawcatuck Area Chamber of Commerce
One Chamber Way, Westerly RI

Join the SBA and its resource partners to learn about the many free programs and services to help entrepreneurs start and grow their businesses.

Fee: FREE

Pre-register by calling the SBA at (401) 528-4561.

Tuesday, June 17, 2003

9:00 a.m. – 12:00 Noon

Business Basics for Starting a Service Business

Center for Women & Enterprise, 55 Claverick Street,
Suite 102, Providence, RI

Presented by the RI Small Business Development Center

The workshop is designed to help entrepreneurs learn the basics about starting and operating a service business. Service businesses include, but are not limited to consultants, graphic designers, and financial services.

Fee: \$45

Pre-register by calling the Center for Women & Enterprise at (401) 277-0800 or visit www.cweonline.org.

Wednesday, June 18, 2003

10:00 a.m. – 12:00 Noon

Women Entrepreneurs: Ask the Experts About Credit and Financing

Northern RI Chamber of Commerce, 6 Blackstone Valley Place, Suite 311, Lincoln, RI

Presented by Kathleen Goulding of the Center for Women & Enterprise and Marilyn Bogue of the U.S. Small Business Administration.

Learn about what it takes to obtain capital to start or grow a business. Topics include packaging ideas to improve the chances for obtaining financing.

Fee: FREE

Pre-register by contacting Amy Daley at the Northern RI Chamber of Commerce, (401) 334-1000 Ext. 111 or by e-mail to adaley@nrchamber.com

***For an updated listing of workshops
and small business events, visit the
SBA Rhode Island District Office
Web site at: www.sba.gov/ri***



Rhode Island Success Story

Morris & Broms, LLC Cranston, RI

James Hines and Michael Archambault are the co-owners of Morris & Broms, a sheet metal fabrication company located in Cranston. They literally worked their way to the top with the company.

Jim began working at Morris & Broms in 1974. He was hired as a machine operator and through the years advanced to production manager. Mike joined the company in 1978 as part of a state training program for machinists. He was hired as a tool maker and eventually moved up to oversee engineering and sales.

In the early 1980s the company's owners began speaking to Jim and Mike about the possibility of purchasing the company. The discussions continued until the late 90s when the vice president and general manager left the company.

Hines and Archambault began to seriously consider buying Morris & Broms. They approached Citizens Bank and in September 1999 received a SBA-backed loan to purchase the company.

Morris & Broms began operations in Providence in 1954 as M&B Tool and Die Company. Gradually, stamping presses were added to meet their customers' needs.



Jim Hines and Mike Archambault, co-owners of Morris & Broms, LLC with a product produced by the company. Hines and Archambault started working at the company in the 1970s.

1958 was a year of change for both the name of the company and its location. The new Morris & Broms was moved to its present location on Wellington Avenue in Cranston.

Over the years, many changes have occurred in the company's operations, but the basic theme of the company has remained the same, blue ribbon service with superior products. The staff of 16 skilled machine operators in the stamping and sheet metal fabrication divisions works in harmony to deliver the customers' products on time.

Both Jim and Mike say business has been steady despite the downturn in the economy. They agree that their best assets are their customers. The company's reputation for quality products has helped maintain a steady customer base.

The company has done well at the present facility, however both Hines and Archambault agree that expansion, or possibly relocation, may be necessary in the future.

Both men appreciate the company's success and believe in giving back to the community. They are active in their church and support a local rescue mission.



Computerized equipment in the Morris & Broms tool room.

Rhode Island District Office

BANKRANK

FY03 7(a) Approved Loan Volume by Lenders and Number of Loans 10/1/02 to 5/31/03

1. Citizens Bank of Rhode Island	466	\$12,548,402
2. Fleet Bank	62	\$4,601,200
3. BankRI	38	\$3,862,500
4. The Washington Trust Co.	24	\$3,921,000
5. Sovereign Bank New England	22	\$3,020,000
6. Coastway Credit Union	21	\$2,922,000
7. Home Loan and Investment Bank	5	\$2,560,000
8. Independence Bank	5	\$1,796,750
9. Minority Investment Development Corp.	5	\$537,000
10. Bank of Fall River	4	\$1,650,000
11. CIT Small Business Lending	3	\$1,022,000
12. First International Bank	3	\$522,500
13. Business Lenders LLC	3	\$410,000
14. Capital One F.S.B.	3	\$110,000
15. Freedom National Bank	2	\$400,000
16. First Federal Savings Bank	2	\$237,300
17. Business Loan Express	1	\$450,000
18. Danvers Savings Bank	1	\$412,000
19. Business Loan Center	1	\$320,000
20. Greenwood Credit Union	1	\$250,000
21. Bank North, N.A.	1	\$35,000
22. Bank of Newport	0	
23. Bristol County Savings Bank	0	
24. Business Dev. Co. of Rhode Island	0	
25. Centreville Savings Bank	0	
26. Domestic Bank	0	
27. First Trade Bank	0	
28. First Union Small Business Capital	0	
29. GE Capital Small Business Finance Corp.	0	
30. Newport Federal Savings Bank	0	
31. Slade's Ferry Bancorp	0	
Sub-Total:	673	\$41,587,652

Ocean State Business Development Authority

Ocean State Business Development Authority is a Certified Development Company licensed by the SBA. The following lenders approved first mortgage financing on economic development projects, thereby facilitating the 504 loans listed below from 10/1/02 through 5/31/03.

Lender	Number Loans	SBA Debenture	Total Project
Bank RI	3	\$2,772,000	\$14,507,142
The Washington Trust Company	2	\$783,000	\$2,073,000
Coastway Credit Union	2	\$348,000	\$887,500
Domestic Bank	1	\$1,300,000	\$3,500,000
First Trade Union Bank	1	\$558,000	\$1,350,000
Fleet Bank	1	\$537,000	\$1,300,000
Bristol Cty Savings Bank	1	\$363,000	\$1,000,000
Sovereign Bank	1	\$357,000	\$860,000
Home Loan and Investment Bank	1	\$142,000	\$390,000
Total 504 Loans	13	\$7,160,000	\$25,867,642

Total Loans**686****\$48,747,652**



Rhode Island District Office
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June 2003

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Mark S. Hayward

Editor

Normand T. Deragon

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www.sba.gov/ri



The Warwick Police Explorer Post Color Guard presented the colors during the 2003 Rhode Island Salute to Small Business Awards Dinner at Rhodes on the Pawtuxet in Cranston.